
Plans & Programs Technical Advisory Committee (TAC)
September 7, 2006 Special Meeting
Minutes

THE FOLLOWING MINUTES ARE A SUMMARY THE PLANS & PROGRAMS TECHNICAL ADVISORY COMMITTEE (TAC) MEETING. THE AUDIO CASSETTE TAPE OF THE ACTUAL MEETING IS AVAILABLE FOR LISTENING IN SCAG'S OFFICE.

The TAC held a special meeting at the SCAG offices in Downtown Los Angeles. The meeting was called to order by Chair Doug Kim, LACMTA.

Members Present

Jacki Bacharach	South Bay Cities COG
Shefa Bhuiyan	Caltrans District 8
Connie Chung	County of Los Angeles – Regional Planning
Kari Davis	County of Los Angeles – Regional Planning
Deborah Diep	CDR, CSU Fullerton
Kim Fuentes	South Bay Cities COG
Bill Gayk	Riv. Co. Transp. & Land Mgmt. Agency
Linda Guillis	City of Moreno Valley
Tarek Hatata	System Metrics Group
Mark Herwick	County of Los Angeles
Lori Huddleston	LACMTA
Doug Kim	LACMTA
Larry Longenecker	City of Laguna Niguel
Julie Moore	County of Los Angeles – Regional Planning
Brandon Nichols	City of Newport Beach
Tracy Sato	City of Anaheim
Ty Schuiling	SANBAG
Gail Shiimoto-Lohr	OCCOG
Bruce Smith	Ventura County RMA
John Stesney	LACMTA
Jack Tsao	City of Los Angeles
Tony Van Haagen	Caltrans District 7
Carla Walecka	Transportation Corridor Agencies

Via audio/video conference

Scott Brinkston	City of Tustin
Lorena Godinez	City of Ontario
Rosa Lopez	IVAG
Kevin Viera	WRCOG

Comment [G1]: Correct spelling of name is Scott Reekstin.

SCAG Staff

Naresh Amatya	Lynn Harris	Frank Wen
Joe Carreras	Pria Hidisyan	
Simon Choi	Hsi-Hwa Hu	
Elizabeth Delgado	Philip Law	



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1.0 Call to Order and Introductions

Chair Doug Kim, LACMTA, called the meeting to order. Introductions were made.

2.0 Public Comment Period

There were no comments.

3.0 Discussion Items

Ms. Lynn Harris, SCAG, stated that the TAC should have received the public hearing notice, and that the subregional coordinators have received communication regarding the delegation for RHNA. Ms. Harris stated that the questions that were submitted by the TAC to staff since the last meeting are summarized in the agenda packet. Many of the questions deal with the policy application in the RHNA process and we can't answer these yet. Therefore, the questions were divided into those that we can reasonably expect to help address today on the technical standpoint, and those that we have to defer to the subcommittee that will be formed at the CEHD on Thursday.

Ms. Harris stated that the agenda also includes a letter sent to Cathy Creswell, Deputy Director of HCD, on August 4, 2006. Ms. Creswell had asked that SCAG submit its draft integrated growth forecast in five year increments and that we extrapolate and prepare draft housing unit numbers as a preliminary review to start the RHNA process. That was done, and the table is included in the agenda packet.

Ms. Harris stated that the agenda also includes the action item the CEHD will be considering on September 14. The action is to direct staff to proceed with disaggregating the 2007 integrated forecast into smaller geographic levels. That request was before the TAC on several occasions and staff will report to CEHD that the TAC has deliberated on this but not taken action on the item. The recommended action additionally requests that CEHD approve the proposed timeline and allow staff to move forward with the organization and implementation of RHNA within that timeline. The staff report includes tables on population, employment, households, and housing units. Additionally there is a draft schedule for the integrated growth forecast and RHNA process which has been proposed at the executive management level and to the Executive Committee of SCAG. We have proposed this to HCD and we have been given direction from the Executive Committee to hold the first workshop and begin the process outlined here.

Regarding funding for this effort, Ms. Harris stated that in addition to the funding that we already have from our transportation dollars to create the growth forecast, and funding that we have in our new Blueprint grant which allows us to do some creative work integrating forecasting, housing, and mobility, we looked at those opportunities to apply funds to



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developing both RHNA and the forecast. It was identified to the Regional Council that we needed at least an additional \$750,000 over the two-year period for the original RHNA cycle. That \$750,000 used to be reimbursed from the state but now will have to come from our general fund money. Part of the reason our timeline is so compressed at the technical end is because we only have at most \$500,000. The Executive Committee gave us \$100,000 of general fund money to complete the technical work by the end of the year, prepare a draft housing allocation plan and put it into the public arena, and then start our expanded outreach. This will be ratified at the September 14 Regional Council meeting. We will go back to the Regional Council in January to ask for more funding to finish the work.

Ms. Harris stated that the conversion from households to housing units is not difficult. The preparation in order for cities and counties to give us good input on meeting need is not the technical forecast preparation per se, but it is where we need the outreach and negotiations. That will take place early spring. The integrated forecast is the basis on which we start the RHNA numbers, but there is another methodology that gets applied to the forecast in order to develop the RHNA, and we need a feedback loop to come back into the forecast so they are both consistent.

Ms. Harris referred to the timeline and stated that we've already notified subregions that they may choose to take delegation and handle that negotiation aspect of the RHNA themselves. That is an important policy decision at the local level. Unfortunately, we don't have money to reimburse the subregions for that significant effort so we'll have conversations with CEHD on that. In response to a question, Ms. Harris stated that the subregions have until September 15 to notify SCAG that they are considering delegation and want to talk further with us. The subregions should make a final commitment some time in October based on when they need to take it to their policy makers for a decision.

Ms. Harris stated that the first public hearing methodology workshop is on September 28 and the notice is included in the agenda. The notice walks through the steps of what will be done at the workshop. In response to a question about the 60-day public comment period on the RHNA methodology in existing statute, Ms. Harris stated that the direction we were given to proceed was to do it in accordance with the Pilot Program. This is not intended to meet, nor are we trying to represent, that we are starting RHNA under the existing law. We're starting workshops and methodology discussions as part of the integrated forecast approach and in accordance with the Pilot Program. The technical work over the next few months will be applicable to inform both the forecast and the final RHNA process. By December or January hopefully we'll have the Pilot Program in place.

It was suggested that SCAG prepare a description of the delegation process, specifying the tasks and timelines, so that the subregions take the same set of rules to their boards for action. Ms. Harris clarified that the subregions would be subject to the same tasks and timeline that SCAG is subject to.



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It was noted that city planners are concerned about not having enough time to complete the revision of the housing elements if the process doesn't go through on a timely basis or if the Pilot Program is not adopted. Ms. Harris stated that the housing element portion of the state law is not something we are aiming to change. However, HCD has the discretion to give local jurisdictions the full year to update the housing elements.

Comment [G2]: Proposed insert of GSL's inquiry: "There was inquiry if the Pilot Program legislation would propose an extension to the June 2008 deadline of revised housing elements."

Mr. Ty Schuiling, SANBAG, stated that getting the growth forecast correct at the local level is a major challenge, but the definition of the income thresholds and the methodology to move impacted jurisdictions toward a regional norm may be, from a policy standpoint, even more difficult. However, it isn't clear how addressing these issues fits into the timeline presented.

Next, Ms. Harris pointed to page 23 of the agenda packet, which outlined how the initial \$100,000 is to be spent. At this stage there is no money allocated to the subregions. On page 25 of the agenda packet is the status of the Pilot Program proposal and the draft of what the Pilot Program looks like now after the discussions and negotiations that took place this summer. Finally, on page 29 of the agenda packet is a letter from HCD that was presented to the CEHD and Regional Council. The Regional Council directed staff not to do anything with it until we straightened out the funding or got new legislation relative to RHNA. The letter is included here because many of the TAC's questions dealing with the development of the housing need methodology are answered in here. Ms. Harris added that even if we are able to reach consensus in the region, we still have to convince the state that the consensus reached in our region is what should prevail.

Next, Mr. Joe Carreras, SCAG, discussed the RHNA methodology. His presentation reviewed the basic steps of developing a regional housing needs plan through the lens of the new Pilot Program process.

It was asked if SCAG was going to be preparing a written methodology. Mr. Carreras stated that some of the questions refer to tough policy issues that are yet to be determined and will depend on deliberation by our policy committee. For example, both the existing and proposed programs rely heavily on the AB2158 factors. It will be a challenge to determine how to weigh these factors or take those that are most critical to a fair distribution of housing need and apply those successfully given the feedback from the local governments. We are proposing an intensive interactive set of subregional workshops to begin in October to help determine and distribute the housing need. A subregion taking delegation would be free to apply what best suits its area and not necessarily use what SCAG applies to other areas. In response to a question, Mr. Carreras stated that subregions taking delegation would be responsible for producing the written documentation of the methodology and process they used for making the determinations.

In response to a question regarding Compass, Mr. Carreras stated that Compass is defined more as a program that seeks to help communities in better distributing growth within their own boundaries as opposed to distributions across cities and counties. Mr. Frank Wen,

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SCAG, added that staff will work with cities and stakeholders to discuss appropriate locations for densification, transit-oriented development, and so on. This input is translated by the growth forecast staff into TAZ-level growth distributions that are provided to the transportation modeling staff as model input.

In response to a question, Mr. Carreras indicated that the 2000 Census will be the basis for this round of RHNA. It is the best and most uniform data available across the region. Mr. Carreras stated that the Census definitions of overcrowded and overpaying households are used. SCAG or a subregion could define existing housing problems differently, but as a basic starting point and for coordination with federal housing planning requirements, these are the indicators that are used. Defining lower income housing need and diversity goals are policy decisions and may vary by region. Data on the homeless is not available, therefore those numbers are not factored into the allocation plan.

In a response to a question, Mr. Carreras stated that while the state looks at demolition permits collected by the Department of Finance (DOF) and doubles it, SCAG is proposing to take the data from the DOF as is and use that as the basis for calculating a reasonable minimum need for replacement units.

In response to a question, Mr. Carreras stated that the correction for desired vacancy rates is more of an issue at the regional level than at the local level. At the regional level it is used to determine the vacancy adjustment for the total regional housing need we'll be expected to maintain. About 95% of the need is related to household growth, and about 5% is related to vacancy adjustments. The state sees a higher ideal rate than we do for our region, and the higher rate would mean more in terms of housing need. We have a conservative assessment of ideal vacancy need that is consistent with the latest Census information. However, it is true that in 2000 we had a very low vacancy situation in some counties. Making up for that through more construction need is an issue that the state will bring up. There is a lot of freedom in the way a region can use **the number**; we previously have broken down the **number** for communities as it's broken down for the region. Other MPOs just take the **total number** and assign that across cities and counties without breaking it down. The regional totals will need to be maintained; subregions taking delegation will assign need across their communities and don't have to specify the breakdown in need, but they still have to maintain their subregional totals.

Comment [G3]: This section of the paragraph would benefit from a clarification or specificity as to the reference of "the number." Prior sentences discuss vacancy need as well as construction need. Is the reference applicable to the construction need number?

It was suggested that SCAG prepare an implementation manual for use by subregions and cities, including written clarification about where the region/subregions do or do not have discretion, and a side-by-side comparison of what the Pilot Program is proposing versus what is required in existing statute. Mr. Carreras noted that SCAG did provide to the subregions about ten different elements in a subregional delegation agreement. No decision has been made about producing a manual.

Mr. Carreras stated that SCAG's proposal for the vacancy rate is 2.7%, which has implicit in it the vacancy rate in ownership housing, for-sale housing, and housing for rent. That is on

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the low side, and HCD is saying it should be more like 3.5%. In the past SCAG has used a number closer to 3%. Our experience is that over time, urban areas mature and vacancy levels change.

In response to a question, Mr. Carreras stated that typically there is a 10% difference between permits issued and what's actually constructed. Usually that percentage drops in years when there's a lot of building activity and vice versa. This is used as a proxy for housing starts.

Mr. Carreras discussed the differences between a policy-based RHNA and a growth forecast. RHNA looks at the population in households and excludes students in dormitories, people in prisons, congregate housing needs for seniors, and the homeless. It looks at the optimal effective vacancy rates by tenure, normal replacement rates, and income group needs allocated across jurisdictions. The growth forecast looks at total population (both in households and not in households), trend-based total vacancy need, and building type breakdowns. Total household growth is key to both approaches.

Regarding the long range housing forecast based on population and employment growth, Ms. Linda Guillis, City of Moreno Valley, asked if the market cycle had been taken into account. The data presented is presuming a continued growth rate comparable to what we've seen as almost the highest growth rate in the history of California during the last five or six years. In western Riverside County, we're seeing a sustained growth rate in industrial and commercial but a significant reduction in new home starts. Mr. Carreras stated that what's driving the housing number is more the employment projection than historical trend.

Next Mr. Carreras discussed the income category groups according to the 2000 Census. The households fall into the categories as follows: very low 24%, low 16%, moderate 18%, and above moderate 42%. These are the regional numbers that we would have to maintain both in terms of the total number and the percentage in the affordable category. In response to a question, Mr. Carreras stated that when these are applied to the construction need, each county will be separate and different. Mr. Wen added that the numbers were calculated based upon each county's median household income. "Very low" households are 50% or lower of the county median, and "low" households are 80% or lower.

Mr. Carreras stated that, in terms of guidance for distributing housing need, the application of **AB215** factors is not to be used to reduce overall need or need by income category. It is to be used in providing a much better and more credible distribution between communities. Allocating a lower proportion of need by income category is required in instances of disproportionately high share of households in that category. The county distribution is to be used as the benchmark for this. A delegate subregion would have the ability to define for itself a fair-share adjustment policy, but it would need at a minimum to have one that addresses this issue.

Comment [G4]: Revise to "AB2158".

Comment [G5]: "those communities which already bear a"

Comment [G6]: "of existing households by income category"



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In response to a question, Mr. Carreras stated that one of the AB2158 factors is the relationship of jobs to housing, and you could make a policy decision to weight factors differently to try to improve the jobs-housing balance. Mr. Schuiling stated that if we continue to be rigidly tied to this county-by-county median income in terms of definition of affordability thresholds, we're going to have a policy problem.

In response to a question, Mr. Carreras stated that if a city is unable to meet its allocation, the subregional numbers must still be met unless alternative distributions or trade and transfer agreements are proposed.

Ms. Gail Shiimoto-Lohr, OCCOG, stated that the AB2158 factors are supposed to contribute to the development of the RHNA methodology before the numbers are set and allocated down. In the Pilot Program, the AB2158 factors are being considered after the numbers are already established. Mr. Carreras stated that the original intent was to have these factors brought into play at the subregional workshops to better refine the distributions between communities in subregions, and not so much as a tool for refining the county distributions of need or the inter-jurisdictional needs. Ms. Harris stated that there's been discussion relative to AB2158 factors and the forecast because it makes sense to apply the factors at the regional level before we even do the draft allocation plan. These are the two places where the AB2158 factors are important, regionally and at the local level for comment. The September 14 CEHD action is to give staff direction to disaggregate; they are not approving anything. The final growth forecast will be adopted by December 2007, and the draft will be adopted in June/July 2007.

In response to a question from Mr. Bruce Smith, Ventura County, Ms. Harris stated that the subregions have to maintain their total, and whether or not we have the ability to move that total is a policy question that hasn't been answered yet. Mr. Smith clarified that the question was not about trade and transfers but more about changing the forecast total. Mr. Carreras stated that the total regional need for RHNA is set by HCD at the front end, and it's very hard to change. With the work done over the last three years with communities giving input on employment and population change, we've gone a long way in meeting the requirements of the AB2158 factors in terms of the regional forecast.

Regarding subregional delegation, Mr. Carreras stated that subregions would have a great deal of flexibility in distributing housing need across their planning area. This delegation responsibility is voluntary, and SCAG is accepting expressions of interest to accept delegation. The subregional workshops will occur in mid-October, and agreements would have to be developed quickly with those subregions that are interested. Mr. Carreras noted that those subregions should work closely with their respective county agency regarding unincorporated areas.

In response to a question regarding legal challenges against numbers developed by a subregion accepting delegation, Mr. Carreras stated that in the notice sent to the subregions,



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indemnification is not something SCAG can support because there is no funding. The subregions would be responsible for addressing the appeals.

In response to a question, Mr. Carreras stated that the regional total need and affordable housing need must be maintained through the process, and there may be some flexibility with respect to county-level allocations. Typically the state establishes the regional need that SCAG must meet, but this time through the Pilot Program, SCAG is attempting to first establish a regional number through its growth forecast and submit it to the state in a bottom-up process.

The TAC asked for written responses to the questions in the agenda packet.

Mr. Carreras stated that there is a bill on the Governor's desk that would allow college dormitories to be counted toward the regional housing need (AB2572 Emerson). Another bill on the Governor's desk would add a new income category, "extremely low income." This category was actually used by SCAG last time for the existing housing needs statement because that category is in federal housing planning requirements but not state requirements. Next, Mr. Carreras stated that the bill on the RHNA Pilot Program did not make it through the August legislative session. There is generally broad agreement on the language in the bill. It will likely be introduced in December as an urgency bill and could be passed and take effect as early as January 2007.

Regarding the structure of the CEHD subcommittee to be formed at the Sep. 14 meeting, Mr. Carreras stated that the only guidance so far was to ensure that every county was represented. Only policy committee members will be chosen, but they may decide to broaden it with outside stakeholders or local planning staff.

It was noted that the county-level growth forecast numbers provided in the agenda packet are different than the forecasts provided to the TAC back in April. Mr. Wen stated that the numbers in the agenda packet are consistent with what was just presented to the TAC in August. Those numbers represent the policy-level growth forecast, which incorporates the impacts of the private-sector transportation investments in the RTP. The Compass will primarily effect the distribution at the city and sub-city level, and therefore has no impact on the regional or county-level numbers. The numbers presented to the TAC in April were the baseline forecast that does not include the impacts of these policies.

Ms. Shiomoto-Lohr asked if we would have the most reflective condition of what needs to be done to our transportation system if there are these policy implications that are imposed on it but have not yet been tested for reality to see if they would occur. Mr. Wen stated that the policy forecast has been updated to reflect the current conditions and an updated implementation schedule for the policy impacts.

Ms. Carla Walecka suggested that staff make clear to the CEHD that the draft forecast presented to them is the policy forecast, and that staff give them a comparison between the



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baseline forecast and the policy forecast. They should understand what the technical adjustments were leading up to the policy forecast. Mr. Schuiling stated that we need to have an analytical tool that can serve as an objective basis for reallocations of this kind. SCAG has in the past attempted to develop that kind of a growth allocation tool, which would be very helpful in this situation.

Regarding the growth forecast, Mr. Smith noted that in Ventura County it looks like employment and households are moving up and down at the same rate. However, in Orange County 22.65% increase in employment and only a 1.8% increase in households because those people are moving out to the Inland Empire. These are tremendous policy implications for transportation and mobility. Mr. Smith stated that the work is based on the premise that what has happened in the recent past is in fact going to happen in the future and is desirable. Probably the best thing we can do to improve mobility is to ensure that affordable housing is in close proximity to the jobs created. These questions should be presented to CEHD.

Mr. Wen stated that, in terms of growth redistribution, the policy was to maintain the county numbers and focus instead on minor changes at the subregion level and more significant changes at the smaller geographic level according to the growth visioning principles. Mr. Kim stated that the policy adjustments made to the forecast should be presented in a transparent way to policy makers in terms of why some adjustments should be made or not made. Mr. Schuiling stated that we should have a process in which we have a true base case or most likely outcome, absent significant policy change, and see if we like the outcome. If we do then we're done, otherwise we should look at the suite of policy adjustments that could be made to change that outcome for the better.

Mr. Kim stated that in the last round, the transportation model really did not reflect the capacity constraints that we had on some of our east-west freeways and some of the growth forecast assumptions were not sustainable from the modeling perspective. Ms. Shiimoto-Lohr noted that the Orange County numbers are higher than anything that the County itself is projecting. Mr. John Stesney, MTA, stated that SCAG has taken current trends and projected them into the future. The current trends reflect different policies in different counties and that gets projected into the future as well.

Comment [G7]: "SCAG forecast of"

Comment [G8]: "in its employment projections"

Comment [G9]: "through its Orange County Projections process."

Mr. Wen stated that the forecasting staff welcomes this kind of discussion and would like input on what areas to look at. The forecast presented here reflects the policy discussion from the last RTP. As Mr. Carreras had suggested, we can allocate the households and housing units based upon population and employment, and the weighting factors could give us a tremendously different allocation. Mr. Smith stated it would be useful to know what factors were used to develop the forecast, and how they were used.

In response to a question, Mr. Wen stated that SCAG will be releasing only one set of numbers, which is the policy forecast. However, we will be using the baseline data to be able to assess the benefits or impacts of the policies.



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Ms. Harris stated that staff is able to verbally inform the CEHD that the forecast numbers are an update from the 2004 RTP, and by definition the update includes policy considerations that were made for the 2004 RTP. Staff has been working on both a summary of what those policy applications are, and also be additional policies that could be discussed with the CEHD.

Ms. Tracy Sato, City of Anaheim, stated that Orange County's local forecast is showing significantly less increase in jobs than the SCAG forecast. This is due to a lot of land conversion from commercial and industrial to residential and a resulting loss of jobs. Approximately 50% of the housing growth is actually in infill growth. This could affect the subregional total. Ms. Sato asked at what point could these factors be brought forward into the process. Mr. Wen stated that SCAG has always worked collaboratively with the subregions to make the forecasts as consistent as possible. Mr. Smith stated that it sounds like there is an opportunity at the subsequent workshops to provide the AB2158 factors, and these issues are such factors. It also sounds like the subregional numbers are fluid at this point.

Regarding SCAG's growth forecast versus the DOF projections, Mr. Wen stated that the DOF projections for 2005 are 200,000 lower than actual 2005 numbers. SCAG's numbers are higher than the DOF numbers, but we believe that is the growth the region is going to face. Mr. Smith stated that to the extent that SCAG's forecast is slightly higher than the DOF numbers, at least there is some marginal play within the system that we can entertain appeals in the most egregious cases. Ms. Shiomoto-Lohr stated that this may not be the case for individual counties.

Mr. Schuiling stated that he would be supportive of going with SCAG's forecast, both in terms of the regional total and in terms of the distribution among counties, instead of the DOF numbers because SCAG brought in top economists and folks tracking growth in each of the areas of the region, and DOF does not do any of that.

It was noted that the comparison tables on pages 46 and 47 of the agenda included numbers from the 2004 RTP forecast and not the new 2007 RTP numbers. The TAC requested revised comparison tables to show the 2007 RTP numbers and the DOF projections.

4.0 **Adjournment**

The next meeting was announced as September 21, 2006. The meeting was adjourned.



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